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May 15, 2024

To the Board of Commissioners  
County of Carroll, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Carroll, New Hampshire for the year ended December 31, 2023, we considered the County of Carroll, New Hampshire's system of internal control to determine our audit procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the system of internal control.

However, during our audit we became aware of matters that represent an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. We previously reported on the County of Carroll, New Hampshire's system of internal control in our report dated May 15, 2024. This letter does not affect that report or our report on the financial statements dated May 15, 2024.

We have already discussed these comments and recommendations with County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of the matters, or to assist you in implementing the recommendations.

The purpose of this letter is to provide constructive and meaningful recommendations to you.

Sincerely,

*Vachon Clukay & Company PC*

## **PAYROLL FORMS**

### ***Observation***

As part of our compliance testing on payroll expenditures charged to the major federal program, we noted that the County did not have a required payroll form on file. An employee was hired during 2022, and the required Form I-9 (Employee Eligibility Verification Form) was not on file.

### ***Implication***

The County is not in compliance with federal employment regulations. The Form I-9 is required by federal regulations to be completed for all employees of the County and retained.

### ***Recommendation***

We recommend that a standard employment checklist be developed to list the various forms and documentation required from a new employee. Once each item is received, the employee receiving the information should initial and date next to the item on the checklist. We further recommend that all personnel files be reviewed to ensure that all employees have the required federal documentation on file.

### ***County Response***

The Human Resources department has a new hire checklist that was created by the Human Resources director after she came on board. The form includes a signature line for the employee receiving the information; however, the form was not in place when the employee selected for testing was hired. An internal audit has been conducted to ensure that required federal documentation is on file for all current employees.

## **AUTHORIZED PAY RATE**

### ***Observation***

During the federal compliance audit, we selected various employees for testing that had payroll charged to the major federal program. We noted that one employee was paid an incorrect hourly rate for a portion of their weekly hours.

### ***Implication***

The controls over payroll expenditures are weakened. The employee was paid the incorrect amount, and the incorrect amount was charged to the federal program.

### ***Recommendation***

We recommend that the department head responsible for reviewing and approving the electronic time sheets be careful and not inadvertently increase an employee's hourly pay rate for a day. We also recommend that the payroll personnel be alert for these potential time sheet errors and inquire as necessary to avoid an accidental overpayment.

### ***County Response***

Remedial payroll and time sheet training was conducted with the newly appointed County Attorney to prevent future errors on timecards. The Payroll Coordinator has also been informed of the error so that she may be vigilant about questioning anomalies on time sheets to prevent potential errors in the future.

## **INMATE FUND DEPOSITS**

### ***Observation***

In performing audit procedures over the separate funds held for County inmates, we again noted that cash receipts are not being deposited in a timely manner. We noted that monies had been received but were not deposited until two weeks later.

### ***Implication***

The internal controls over cash receipts for the inmate funds are weakened due to the time delay between when the cash and checks are received and subsequently deposited. The County is exposed to an increased risk that funds will be susceptible to misuse, loss, or theft.

### ***Recommendation***

We recommend that a policy be established for depositing inmate receipts. This policy should indicate that monies are to be deposited at least weekly or more frequently whenever cash receipts on hand exceed a predetermined amount.

### ***County Response***

The Department of Corrections of the County will make weekly deposits and adhere to the State RSA 41:29. We understand that all deposits per the RSA and County policies need to be deposited weekly. This will be incorporated as part of the Department of Corrections policies immediately.

## **INMATE FUND DISBURSEMENTS**

### ***Observation***

In performing our audit procedures, we selected a sample of disbursements paid out of the separate account that is held for the County's inmates. We noted several instances in which items were ordered for an inmate and deducted from the inmate's balance, but the commissary receipt was not signed by the inmate as a form of acknowledgment.

### ***Implication***

The internal controls over cash disbursements for inmate commissary purchases are weakened. The absence of signed acknowledgment forms increases the risk that an inmate is being charged for items that were not actually received or given to a different inmate.

***Recommendation***

We recommend that packing slips be signed by inmates as commissary orders are being distributed. The signed acknowledgment form will document that the proper number of items were received by the inmate who ordered the goods.

***County Response***

The Department of Corrections of the County will ensure that all items will be signed for by the inmates. Directives have been put in place that all commissary receipts are to be signed without exception and in conformity with County policies.